

Are You Really Value Selling?

By Bob Turek

Value selling!—the latest mantra driven by the tech bust and a slow economy. Smaller prospect budgets demand an excellent and quick ROI. Many times you have to create a budget. So, value selling is all the rage. But what exactly is it? My experience team selling large \$5-10 million enterprise software and service solutions revealed that painful changes had to be made by experienced, successful sales and pre-sales people in order to value sell. It is not natural and it involves another level of expertise in planning and preparation that the team was simply not ready for.

Who Cares?

First of all “value” is not on every prospect’s mind. And only certain individuals in a prospect company will respond to a value focused selling process. In the process of learning how to value sell we discovered that trying to value sell to what we eventually learned to call “seymours” would basically make them angry. And once you started at that level of the organization it was very hard to move up the ladder.

In one multi-division equipment manufacturer we thought we had a value driven executive. We let him bamboozle us by saying that he was value focused. Actually he was very worried about how his chain of command would assess his “project management” performance, so he wasn’t even a classic “feature” guy. Big mistake. Fortunately this company had another division.

We went to that division VP and found him to be a value guy. However, we weren’t ready for the value guy mantra, which is:

“I don’t care who you are, who your company is, or what your solution is—what is the PROVEN value?”

Prove it!

After shaking the shocked looks off our faces, we forged ahead with our “same industry” reference who had attained \$100 million in hard and soft dollar documented value. Now we expected him to say “wow!” but he laughed at us, and I mean AT us; then he said “prove it!”. That call didn’t last more than 10 minutes. So, we set up a conference call with our same industry client and the VP and “proved” it.

We waltzed into our next meeting expecting to impress and “trial close” the VP. Then the VP said, “now, prove it in my company”. We said, “it will cost you”—and much to our amazement he said “how much?” After that we made our next mistake—we didn’t charge enough.

The Value Assessment

A value assessment followed that was basically a large, very cheap, consulting project. It didn’t have to be (large and cheap). All we had to do was work with the VP to carefully select a “chosen few” business process owners, who were also decision-makers that he would rely on, to participate in our “project”. After plodding along for a few weeks discovering that we were creating a prospect project team quadruple the size we needed, we retrenched and defined the chosen few.

From then on things went smoothly---for awhile. When we tested one of our chosen few to see whether he agreed with our findings, he said that he did and that he could implement it. Then we brought him in front of the VP and he stammered and said he wasn’t sure. Thank God for tests. We quickly realized that we had to do a far superior job of “selling” the lower level--we had to do such a good job that when the VP asks the

chosen one if he can implement it AND get the value, the chosen one MUST say “yes!” with enthusiasm.

Prepare to Engage

This ability to convince, in a fairly short time, a chosen few that they could implement the solution quickly AND get the value is a key to value selling. Access to a VP and his chosen few is not enough. The team must “engage” with and convince the chosen few by revealing things in a way that they have never seen before. This takes a lot of work in addition to the hard work of asking the right questions and listening to the right answers. It takes a level of preparation that most sales teams have never experienced.

We learned to structure our approach around what we called the “problem-solution-value” statement with the goal of causing executives to ask “why haven’t we done this already?”. This approach involves a very structured set of activities designed to elicit the key problems to be solved, solution development from the point of view of the prospect, and value development in hard, very hard, dollars. Many mistakes were made; e.g., we put “too much” value up initially confusing the prospect, we talked too much about our solution to the VP who could really care less about it until he had the value, and

we failed to initially define the “problem”, including barriers to buying, well. All of these mistakes basically caused us to fall down the stairs of the sales cycle a few times and waste untold hours redoing the same presentations. But we finally got it right, and boy, did we learn how to do the value sell.

There were a few turning points. One meeting with a few of the chosen few, who were clearly on our side and helping us determine the value, was going badly. My charts and graphs illustrating the value related to the problem and solution were going way over their heads. Upon seeing this I simply stopped and admitted to my observation. They took a breath, leaned back, and selected one value point. They remembered an internal study done years ago that seemed to relate to it. We took that study, which basically “proved” that several thousand dollars could be saved per part by eliminating “duplicate” parts, and ran with it to produce a “problem-solution-value” statement that resulted in hard dollar value of \$25 million per year across all related departments of the company.

The final result took a lot of work; but we learned that if we focus on just a few value items that the prospect is intensely interested in, and prove them out through discussions with the chosen few, we could sell our solutions and services for five to ten times what we thought we could sell them.

And there was the beauty of the value sell—we could price our solutions according to their value to the prospect. In fact, the VP never, and I mean never, asked the price of our solution until he saw the value. This made us understand another truth about the value guys: they could really care less about the details of the solution—they want value.

Value Selling Applies to Big and Small Deals

We later learned that value selling wasn't just for big deals. It can apply to little deals too. It can apply to internal projects. All you have to do is remember to start with a value guy—usually the top or near top executive in the company. Sales cycle time was cut drastically especially where you could “qualify out” early, we were working more “good” deals, and, of course, our deal sizes were zooming.

Here's a summary of the key points made:

1. Find the value guy and impress him or her with a “same industry” value reference

2. Use a “problem-solution-value” approach to “engage” and create value

Avoid common mistakes:

Too many value points,
Too much solution detail,
Poor problem and barrier definition

Look for an “internal” study and build a value case with it.

3. Equip the “chosen few” to say “yes” to question “can we implement it and get the value?”
4. Price according to value (but don’t tell “seymour” how much it costs!)

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